REMARKS

Claims 1 through 21 remain in the application. No amendments are being made in this paper. Claims 1, 7, 17, 19 and 21 are the independent claims herein. No new matter has been added. Reconsideration and further examination are respectfully requested.

Claim Rejections – 35 U.S.C. 103(a)

Claims 1-5 and 7-18 are rejected under 35 U.S.C. 103(a) as being unpatentable over the Shearman reference in view of the ARM reference.

Applicants respectfully traverse these rejections for the reasons set forth below.

Claim 1 is directed to a "method for issuing a unit to a holder". The method recited in claim 1 includes "creating a forward contract". Claim 1 further states that "the forward contract specif[ies] a settlement amount and a settlement date". The method of claim 1 also includes "creating a note securing obligations of said holder under said forward contract". Claim 1 states that "said note specif[ies] an initial capped remarketing, at least a first subsequent capped remarketing, and an uncapped remarketing, said uncapped remarketing performed only if each of said capped remarketings fail" and that "each of said capped and uncapped remarketings [is] scheduled to occur prior to said settlement date". The method recited in claim 1 further includes "issuing said forward contract and said note as the unit".

While the Examiner has not changed the formal statement of the pending rejection of claim 1, the Examiner's "Response to Applicant's Arguments" strongly suggests that the formal statement of the rejection does not reflect the Examiner's actual reasons for the rejection.

From the Examiner's statements at lines 8-17 of page 3 of the Final Office Action, it appears that the Examiner believes that those who are skilled in the art would have found it obvious to arrive at the claimed invention by "reorganizing" steps disclosed by the Shearman reference. Thus the Examiner no longer seems to hold the view that there are deficiencies in the Shearman reference that need to be compensated for by reliance on the ARM reference.

For the reasons stated in the prior response filed herein in February, applicants believe the Examiner is correct to retreat from his reliance on the ARM reference. As pointed out in that

prior response, the ARM reference has nothing to do with remarketing a note. However, the Examiner's current attempt to rely entirely on the Shearman reference is also misplaced.

The Examiner implies that the Shearman reference shows that the "combination of capped and uncapped marketing would have been known in the art".[1] To the contrary, and even if Shearman is read in a manner favorable to the Examiner's position,[2] the reference does not in any way propose or suggest a combination of two different types of remarketing. Rather, at most,[3] the Shearman reference suggests that a capped remarketing is a possible alternative to an uncapped remarketing. There is nothing in the reference that would lead those of ordinary skill to combine the two types of remarketing, as now claimed.

Still further, the Examiner is incorrect in ascribing only "predictable results" to the combination of steps recited in claim 1. Rather, the invention recited in claim 1 provides the unpredictable combination of benefits of deductibility of interest on the note together with treatment of the mandatory unit as "Tier 1" capital for regulatory purposes. In this regard, the Examiner is respectfully referred to page 5, lines 18-29 of the specification of this application.

For the foregoing reasons, the Examiner is respectfully requested to reconsider and withdraw the rejection of claim 1.

The above remarks concerning claim 1 are equally applicable to the other independent claims, which are claims 7, 17, 19 and 21. The dependent claims, in turn, are submitted as patentable on the same basis as the independent claims.

---

[1] Quoted from lines 13 and 14 of page 3 of the Final Office Action; emphasis added.

[2] Applicants believe they are correct in contending that one of ordinary skill in the art would understand Shearman (and the IRS position) as teaching away from a capped remarketing, and effectively mandating an uncapped remarketing. Nevertheless, for the sake of argument, applicants will assume that those who are skilled in the art would interpret the reference to mean that a capped remarketing is a possible alternative to an uncapped remarketing.

[3] As assumed in footnote 2, above.

CONCLUSION

Accordingly, Applicants respectfully request allowance of the pending claims. If any issues remain, or if the Examiner has any further suggestions for expediting allowance of the present application, the Examiner is kindly invited to contact the undersigned via telephone at (203) 972-3460.

Respectfully submitted,

June 20, 2008
Date

/Nathaniel Levin/
Nathaniel Levin
Registration No. 34,860
Buckley, Maschoff & Talwalkar LLC
50 Locust Avenue
New Canaan, CT 06840
(203) 972-3460